

Message Text

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PAGE 01 STATE 002910
ORIGIN EB-08

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TO AMEMBASSY BRUSSELS
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INFO USMISSION GENEVA

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USEEC

E.O. 11652:N/A

TAGS: ETRD, EC

SUBJECT: TREASURY WAIVES CVD'S ON DANISH BUTTER COOKIES

1. THE TREASURY DEPARTMENT HAS PUBLISHED IN THE FEDERAL REGISTER OF JANUARY 5 A NOTICE OF FINAL ACTION UNDER THE COUNTERVAILING DUTY LAW CONCERNING IMPORTS OF BUTTER COOKIES FROM DENMARK. TREASURY HAS DETERMINED THAT ALTHOUGH THE EC SUBSIDIZES EXPORTS OF BUTTER COOKIES, COUNTERVAILING DUTIES WILL BE WAIVED.

2. UNDER THE COUNTERVAILING DUTY LAW THE TREASURY
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PAGE 02 STATE 002910

SECRETARY IS REQUIRED TO ASSESS AN ADDITIONAL CUSTOMS DUTY THAT IS EQUAL TO THE AMOUNT OF A "BOUNTY" OR "GRANT" (SUBSIDY) PAID ON IMPORTED MERCHANDISE. THE LAW PERMITS THE SECRETARY TO WAIVE TEMPORARILY COUNTERVAILING DUTIES WHEN THE FOLLOWING CRITERIA ARE MET:

A) ADEQUATE STEPS HAVE BEEN TAKEN TO REDUCE SUBSTANTIALY

OR ELIMINATE THE ADVERSE EFFECTS OF THE SUBSIDIES;

B) THAT NEGOTIATIONS ARE PROCEEDING INTERNATIONALLY TO
ELIMINATE BARRIERS TO TRADE;

C) THAT TO COUNTERVAIL WOULD SERIOUSLY JEOPARDIZE THOSE
NEGOTIATIONS.

3. TREASURY HAS FOUND THAT DANISH BUTTER COOKIE EXPORTS
ARE SUBSIDIZED BY EXPORT "RESTITUTION" PAYMENTS MADE ON
THE INGREDIENTS OF THE PRODUCT OR FROM REDUCED PRICES ON
BUTTER FROM EUROPEAN COMMUNITY INTERVENTION STOCKS. THESE
PROGRAMS FALL UNDER THE COMMON AGRICULTURAL POLICY OF THE
EUROPEAN COMMUNITY. THE TREASURY DECIDED TO WAIVE
COUNTERVAILING DUTIES BASED ON COMMITMENTS FROM THE
DANISH BUTTER COOKIE EXPORTERS NOT TO ACCEPT FUTURE
INCREASES IN THE SUBSIDIES MENTIONED ABOVE, TO AVOID
"AGGRESSIVE MARKETING" OF THEIR BUTTER COOKIES IN THE
U.S., AND NOT TO REDUCE THE CIF WHOLESALE PRICE FOR THESE
COOKIES BELOW THE PRICE ON DECEMBER 9, 1977. IN VIEW OF
THE SMALL VOLUME OF TRADE (6.7 MILLION DOLLARS IN 1976)
AND THE RELATIVELY HIGH PRICE OF DANISH BUTTER COOKIES,
TREASURY DETERMINED THAT THESE STEPS SATISFIED THE FIRST
CRITERION OF THE WAIVER. TREASURY'S DECISION ALSO TOOK
ACCOUNT OF THE RECENT PROGRESS ACHIEVED IN THE TRADE
NEGOTIATIONS AND THE POSSIBLE ADVERSE EFFECTS OF THE
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PAGE 03 STATE 002910

IMPOSITION OF CVD'S AGAINST A PROGRAM UNDER THE COMMON
AGRICULTURAL POLICY.

4. EC MISSION WASHINGTON HAS BEEN INFORMED. CHRISTOPHER

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